

1       BEFORE THE ILLINOIS ENVIRONMENTAL PROTECTION AGENCY  
2       IN THE MATTER OF:   PROPOSED       )  
3       ISSUANCE OF A REVISION TO THE       )  
4       ACID RAIN PERMITS FOR MIDWEST       )  
5       GENERATION EME INC.                )

6                       REPORT OF PROCEEDINGS taken at the  
7       hearing of the above-entitled matter, held at  
8       750 South Halsted, Room 329, Chicago, Illinois,  
9       before Hearing Officer William Seltzer, reported by  
10      Janice H. Heinemann, CSR, RDR, CRR, a notary public  
11      within and for the County of Du Page and State of  
12      Illinois, on the 21st day of March, 2002,  
13      commencing at the hour of 7:00 p.m.

14      APPEARANCES:

15           MR. WILLIAM SELTZER, IEPA Hearing Officer;  
16           MS. LAUREL KROACK, Bureau of Air, Deputy Bureau  
17           Chief;  
18           MR. CHRISTOPHER ROMAIN, Bureau of Air, Manager,  
19           Utility Unit, Permit Section;  
20           MR. BRAD FROST, Community Relations Coordinator.

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1                   HEARING OFFICER SELTZER: Good evening,  
2                   ladies and gentlemen. This is a hearing In Re:  
3                   Proposed Issuance of a Revision to the Acid Rain  
4                   Permits for Midwest Generation EME, Inc.

5                   My name is Bill Seltzer. I'm an  
6                   attorney with the Environmental Protection Agency,  
7                   and I have been asked to be the hearing officer for  
8                   this evening's hearing. The way we will proceed  
9                   tonight is that I will have everybody from the IEPA  
10                  stand up and introduce themselves, indicate their  
11                  position with the Agency; and then I'm going to ask  
12                  if there is anybody present representing or a  
13                  consultant with the applicant. I will ask that  
14                  they stand up, indicate their names, spell their  
15                  names for the record, and indicate their  
16                  association with the applicant.

17                  The EPA will then put on a short  
18                  opening statement. I will then ask the applicant  
19                  if they have an opening statement. If so, they  
20                  will give the statement at that time. If not, we  
21                  will go right to the audience.

22                  When you first came in, you saw  
23                  registration cards like these indicating whether or  
24                  not you wish to make a comment or ask questions.

1 Even though you may not have so indicated on the  
2 card, before the evening is over I will ask  
3 everybody here if there is anybody that still  
4 wishes to make a comment or ask a question even  
5 though they may not have so indicated on a  
6 registration card.

7 So long as you have signed your name  
8 and addressed the registration card, you will  
9 receive a responsiveness summary from the Agency  
10 when it makes its final decision. And I'm also  
11 going to ask that everybody that comes up to  
12 testify please come up to the microphone up front  
13 here, spell your names before you begin.

14 And at this time then I'm going to  
15 turn to the other employees from the IEPA and ask  
16 that they stand up and introduce themselves.

17 MS. KROACK: My name is Laurel Kroack. I'm  
18 with the Bureau of Air. I'm the Deputy Bureau  
19 Chief.

20 HEARING OFFICER SELTZER: Thank you.

21 MR. ROMAINE: Good evening. My name is  
22 Chris Romaine. I'm manager of the utility unit in  
23 the air permit section. Also with us this evening  
24 out in front is Brad Frost, also with the Bureau of

1 Air.

2 HEARING OFFICER SELTZER: Thank you,  
3 Mr. Romaine.

4 I want to know now if there is anyone  
5 present that represents the applicant or might be a  
6 consultant to the applicant. If so, please  
7 introduce yourselves. And if you have counsel  
8 here, he might want to stand up and introduce  
9 himself first and then introduce everybody else.

10 MR. MC FARLAN: I'm Doug McFarlan. I'm  
11 with Midwest Generation, Vice President of Public  
12 Affairs.

13 MR. LONG: John Long, vice president and  
14 designated representative, Midwest Generation.

15 HEARING OFFICER SELTZER: Thank you.

16 MR. CONSTANTELOS: I'm Bill Constantelos,  
17 Director of Environmental Health and Safety for  
18 Midwest Generation.

19 HEARING OFFICER SELTZER: Thank you.

20 MR. MILLER: I'm Scott Miller, permit  
21 engineer for Midwest Generation.

22 HEARING OFFICER SELTZER: Thank you.

23 I want to indicate now before we begin  
24 that the record in this proceeding will stay open

1 through April 20 of this year. That means that any  
2 written comments that are received by the Agency  
3 that are postmarked by midnight April 20 will be  
4 accepted and made a part of the record.

5 At this time I will ask Mr. Romaine  
6 if he wishes to start by giving us his brief  
7 presentation.

8 MR. ROMAINE: Yes, I do. Thank you. It  
9 may be a little bit longer than usual.

10 HEARING OFFICER SELTZER: Oh.

11 MR. ROMAINE: Good evening. Thank you for  
12 coming to tonight's hearing.

13 To set the groundwork for the hearing,  
14 I would like to provide a brief review of the  
15 federal acid rain program. This program has  
16 provisions to control emissions of both sulfur  
17 dioxide and nitrogen oxide emissions from coal-  
18 fired power plants, which have been implicated as  
19 having a major role in forming acid rain. The goal  
20 of the acid rain program is to achieve reduction on  
21 an annual basis in overall emissions of these two  
22 precursors of acid rain. At the same time the acid  
23 rain program does not revise or relax other  
24 standards that also address emissions of these

1 pollutants. The acid rain program is simply one  
2 set of rules that applies along with all the other  
3 rules that apply to coal-fired power plants.

4 The specific provisions of the acid  
5 rain program dealing with sulfur dioxide are  
6 generally more widely publicized and commonly  
7 understood. To control emissions of sulfur  
8 dioxide, the acid rain program established an  
9 allowance system relying on market-based  
10 principles. Under this system, each year the  
11 operator of a coal-fired power plant must turn in  
12 one allowance for each ton of sulfur dioxide that  
13 has been emitted. Since USEPA issues a limited  
14 number of SO<sub>2</sub> allowances each year, consistent with  
15 the goal for sulfur dioxide emissions set by  
16 Congress, the total amount of sulfur dioxide  
17 emissions from affected plants is capped. However,  
18 because sources have the choice of either managing  
19 their sulfur dioxide emissions to live within their  
20 own allowances, further controlling their emissions  
21 to have a surplus of allowances, or buying  
22 allowances from another source with a surplus of  
23 allowances, the cost of controlling sulfur dioxide  
24 emissions is minimized. This overall savings in

1       the cost of controlling emissions does come with  
2       what I consider to be a minor additional expense.  
3       This is the cost for the rigorous continuous  
4       monitoring of emissions from coal-fired power  
5       plants required by the acid rain program. This  
6       monitoring program assures that the emissions of  
7       all participating plants are determined at the same  
8       high level of accuracy.

9               For emissions of nitrogen oxides, the  
10       acid rain program also requires rigorous monitoring  
11       of emissions like it does for sulfur dioxide.  
12       However, the acid rain program does not establish  
13       an allowance system. Instead it relies on specific  
14       emission limits for nitrogen oxide emissions from  
15       different designs of boilers. In this sense, the  
16       acid rain program for nitrogen oxides generally  
17       reflects a more traditional command and control  
18       approach to regulation of emissions. Still, the  
19       acid rain program does allow the owner of several  
20       affected units to demonstrate compliance with the  
21       applicable emission limits for nitrogen oxide by  
22       averaging two or more of those units together. As  
23       the acid rain program seeks an overall reduction in  
24       emissions and relies on market mechanisms to reduce



1 the cost of such reductions, averaging is  
2 consistent with the principles underlying the  
3 development of the acid rain program. In Illinois,  
4 a number of electric utilities other than Midwest  
5 Generation have routinely complied by averaging.

6 The provisions for averaging were  
7 developed to assure that the total nitrogen oxide  
8 emissions allowed with averaging are the same as if  
9 each unit complied with its individual emission  
10 limit. To achieve this, the compliance  
11 determination with averaging is weighted by the  
12 units' heat input. The heat input or the energy  
13 value of the fuel burned in the unit is a measure  
14 of how much the unit operates. Thus, a unit that  
15 is small or operates only a little would only  
16 generate a small amount of total overcompliance if  
17 it had an overcomplying emission rate for nitrogen  
18 oxides. This small unit would not be able to  
19 compensate for the undercompliance of a unit that  
20 is larger or that operates more. The determination  
21 of whether overall compliance is shown with  
22 averaging is made annually, based on the actual  
23 emission rates and actual levels of operation of  
24 the unit covered by the plan during the previous

1 year. The compliance demonstration with averaging  
2 does not rely on projected emission rates and  
3 projected levels of operation for the various units  
4 relying on averaging.

5 At the same time a prerequisite for  
6 averaging of nitrogen oxide emissions under the  
7 acid rain program is the preparation of an  
8 averaging plan by the owner of the unit that  
9 intends to rely on averaging. This plan identifies  
10 each of the units that will be relying on  
11 averaging. It also identifies the allowable  
12 emission rates that will apply for each unit.  
13 These allowable emission rates serve as the point  
14 differentiating a complying unit from a  
15 noncomplying unit. The averaging plan is then  
16 included in the affected plants' acid rain permits.  
17 Each year a revised averaging plan may be filed by  
18 the source if changes occur in the operation of the  
19 affected unit, changes in both nitrogen oxide  
20 emission rates and shifts in utilization of the  
21 undercomplying units and the overcomplying units.

22 And this brings us to the subject of  
23 tonight's hearing. The revised averaging plan that  
24 Midwest Generation filed to address its operation

11

1 last year. Midwest Generation's revised averaging  
2 plan for 2001, like the 2000 averaging plan before  
3 it, provides Midwest Generation with flexibility as  
4 to the units at which it may reduce nitrogen oxide  
5 emissions. However, the plan does not relax the  
6 overall level of nitrogen oxide emissions that must  
7 be achieved by Midwest Generation.

8 When you look at Midwest Generation's  
9 2001 plan, it reduces the scope of averaging. In  
10 2000, Midwest Generation had an averaging plan that  
11 addressed 17 of its coal-fired units in Illinois.  
12 That is all of its units except Will County Unit 4.  
13 In the 2000 plan, only the four units of the  
14 downstate Powerton plant near Peoria were  
15 identified for emissions higher than the otherwise  
16 allowable limit. Now Midwest Generation's new 2001  
17 plan addresses only 11 units. There are six units  
18 that are no longer covered by the plan. In  
19 addition, it does not identify any units for high  
20 emissions. But the emission rates provided in the  
21 plan, all would be complying with the otherwise  
22 applicable limits. As I understand it, the 2001  
23 plan was filed as a precaution in the event that  
24 one particular unit, Will County Unit 1, would fail

1 to perform as well as anticipated. Accordingly,  
2 what the 2001 averaging plan effectively did and  
3 does for Midwest Generation is allow averaging  
4 among the 11 covered units if needed to show that  
5 Midwest Generation's Will County Unit 1 has  
6 operated in compliance with the requirements of the  
7 acid rain program.

8 The content of the plan is focused on  
9 the existing federal acid rain program. The plan  
10 does not identify the specific changes that Midwest  
11 Generation has taken or will be taking to further  
12 reduce its nitrogen oxide emissions. It is either  
13 part of Illinois' plan for attainment of the one-  
14 hour ozone standard or to comply with the new  
15 federal trading program for nitrogen oxides.

16 In addition, with respect to the new  
17 federal trading program for nitrogen oxides,  
18 averaging plans under the acid rain program  
19 generally do not increase the number of new  
20 nitrogen oxide allowances to which a source may be  
21 entitled for any earlier reductions in emissions.  
22 This is because the averaging plans do not relax  
23 the applicable requirements under the acid rain  
24 program. In this particular case, Midwest

1       Generation has not applied for any credits for  
2       early reductions in emissions that occurred in 2001  
3       from any of the units covered by its averaging  
4       plan. It has only applied for such credits for  
5       other units that are outside the scope of the  
6       averaging plan.

7               In conclusion, while averaging under  
8       the acid rain program may sound questionable, it is  
9       an established component of the federal acid rain  
10       program. In addition, the new federal trading  
11       program for nitrogen oxides establishes much more  
12       stringent requirements for control of nitrogen  
13       oxides. As a practical matter, when this new  
14       trading program becomes effective in two years, it  
15       will supersede the current control requirements of  
16       the acid rain program for nitrogen oxides and will  
17       set a new tighter cap on the nitrogen oxide  
18       emissions from coal-fired power plants.

19              With that introduction, I will turn it  
20       back to you, Bill.

21              HEARING OFFICER SELTZER: Let me ask if  
22       there is anybody else here this evening or anybody  
23       here this evening from Midwest Generation that  
24       wishes to start off by making any opening

1 statements or comments.

2 Indicate for the record everybody from  
3 Midwest is shaking their head no.

4 We will go to the audience at this  
5 time and the first one is Reva B-a or o-u-c-h.

6 MS. BOUCH: Brian Urbaszewski from American  
7 Lung Association will --

8 HEARING OFFICER SELTZER: Could you stand  
9 up and speak, please.

10 MS. BOUCH: I don't think I indicated that  
11 I was going to speak.

12 HEARING OFFICER SELTZER: Okay. I'm sorry.  
13 You are right. Brian --

14 MR. URBASZEWSKI: Urbaszewski.

15 HEARING OFFICER SELTZER: Right.

16 MR. URBASZEWSKI: Brian Urbaszewski,  
17 Director of Environmental Health Programs at the  
18 American Lung Association of Metropolitan Chicago.

19 I just want to make a few quick  
20 comments. Chicago has an air pollution problem  
21 and, although significant progress has been made in  
22 recent years, ozone and particulate matter have  
23 continued to exceed federal health standards in the  
24 Chicago area.

1 Fine particulate matter is especially  
2 of concern, as scores of studies have tied PM or  
3 particulate matter to health problems ranging from  
4 respiratory symptoms to asthma attacks and even  
5 premature deaths. In 1997 EPA, USEPA, established  
6 a fine particulate standard design to protect  
7 public health; and in 1999, the State of Illinois  
8 began monitoring for PM2.5.

9 For the last three years, nearly every  
10 monitor in metropolitan Chicago has exceeded that  
11 health standard. In fact, we had 19 days last year  
12 where the air quality was deemed unhealthy for  
13 sensitive groups by the State of Illinois and this  
14 was due just to PM2.5, not ozone.

15 Major sources of the PM2.5 are  
16 sulfates and nitrates, both of which are produced  
17 in large amounts by older coal burning power  
18 plants. We have got two recent studies added to  
19 those considered by USEPA in both setting of the  
20 PM2.5 standard in 1997, as well as those used in  
21 the ongoing standard review at the federal level.

22 Levy and Spengler did a report in 2001  
23 which looked at nine power plants specifically in  
24 Illinois, seven of them which were owned by Midwest

1       Generation, which indicated that the emissions from  
2       those plants led to over 300 premature deaths in an  
3       average year and over 20,000 asthma attacks, and  
4       that's for the total nine, not for the seven just  
5       done by Midwest Generation.

6               Pope and Burnett and others also just  
7       came out with a study in the Journal of the  
8       American Medical Association that looked at 500,000  
9       people and tracked them for 16 years from 1982 to  
10      1998. They found that PM2.5 caused an increase in  
11      cardio pulmonary and lung cancer mortality  
12      equivalent basically to secondhand smoke risk. So  
13      essentially people in high PM2.5 areas are smoking  
14      whether they want to or not.

15             New evidence indicates that sulfates  
16      are responsible for these cases, cardiopulmonary,  
17      lung cancer mortality. And from the study, sulfur  
18      oxide pollution was significantly associated with  
19      mortality from all other causes in addition to  
20      cardiopulmonary and lung cancer mortality. In  
21      Illinois, 80 percent of SO2 and by default sulfate  
22      comes from coal-fired power plants. None of  
23      Midwest Generation's plants have scrubbers that  
24      would reduce the amount of sulfur coming out of



1       them.

2                       Now Midwest Generation has asked for a  
3       change to acid rain permits that address the  
4       emissions from seven Illinois plants. From my  
5       reading of what I was able to get off the web sites  
6       and from the material that was sent out by the  
7       Agency, it appears that total NOx emissions will  
8       decrease slightly in the averaging system from  
9       actual 2000 year emissions for NOx. And the state  
10      is proposing to allow some plants to emit greater  
11      amounts of NOx than those plants did in 2000, By  
12      this I mean in the permit, which may adversely  
13      affect certain communities where the plants are  
14      located. Compared to the year 2000, actual NOx  
15      emissions for the Midwest Generation facilities in  
16      question, it appears that the company is asking the  
17      state for permission to emit an additional 500 tons  
18      of NOx within the Chicago ozone nonattainment area.

19                   Now, I have a question as to why the  
20      company would want to ask for the ability to  
21      increase emissions above those recent emission  
22      levels and the recent actual emission levels if it  
23      did not fully intend to emit even more pollution at  
24      those facilities in the future. Why would they

1       need more than they are emitting? Particularly, as  
2       the company has stated, that it intends to reduce  
3       NOx from those facilities.

4               Also unsettling is the apparent  
5       attempt to increase NOx emissions at Midwest  
6       Generation facilities within the City of Chicago by  
7       300 tons from 2000 actual NOx emission levels.  
8       Especially since it has been estimated that  
9       pediatric asthma rates in some areas of the city  
10      may be as high as 18 percent of all school-age  
11      children. Wouldn't this system allowing greater  
12      emissions to occur within the nonattainment area  
13      and within the City of Chicago create a potential  
14      increase in both ozone and fine particulate nitrate  
15      in those areas?

16             Even the Electrical Power Research  
17      Institute or EPRI has collected data that indicates  
18      that 40 percent or more of PM2.5 on a Chicago  
19      winter day can be composed of nitrate. And this is  
20      material that was provided to LADCO. Has the  
21      company or the state EPA done modeling that shows  
22      that there would be no adverse public health impact  
23      on citizens in the Chicago nonattainment area or  
24      residents of the City of Chicago based on approval

1 of NOx averaging in this permit?

2 Based on the overwhelming  
3 epidemiological evidence of a public health problem  
4 and the fact that older coal-fired power plants are  
5 the largest contributing source of that problem,  
6 the state should not be allowing any grandfathered  
7 power plant to increase harmful emissions. Thank  
8 you.

9 HEARING OFFICER SELTZER: Thank you very  
10 much. Let's go off the record for one minute.

11 (Discussion outside the record.)

12 HEARING OFFICER SELTZER: Next is Verena  
13 Owen.

14 MS. OWEN: I indicated I wasn't going to  
15 talk.

16 HEARING OFFICER SELTZER: Okay.

17 Brian Metcalf.

18 MR. METCALF: My name is Brian Metcalf.  
19 I'm the Environmental Associate for the Illinois  
20 Public Interest Research Group, Illinois PIRG. And  
21 I'm here today, I'm glad to be here to talk about  
22 this permit revision. I have just some brief  
23 comments.

24 Illinois, as we all know, hosts some

1 of the dirtiest power plants in the nation  
2 including Midwest Generation's coal-fired power  
3 plants that are the subject of today's hearing.  
4 These coal-fired power plants currently operate  
5 with virtual disregard as to the consequence for  
6 Illinois' public health and our environment. Now,  
7 through a loophole in the Clean Air Act, everybody  
8 knows these plants continue to emit pollution at a  
9 level that far exceeds those met by modern power  
10 plants and vastly above the achievable standard.  
11 For example, Midwest Generation's seven coal-fired  
12 power plants emitted over 94,000 tons of sulfur  
13 dioxide in 2000. And by comparison, newer  
14 conventional coal-fired power plants would emit  
15 half of the sulfur dioxide.

16 The pollution from Midwest Generation  
17 power plants is released at an enormous cost to  
18 Illinois' public health and environment. According  
19 to a study by the Harvard School of Public Health,  
20 the pollution from Midwest Generation's Crawford  
21 and Fisk plants alone cost 41 lives each year as  
22 well as 550 emergency room visits and 2800 asthma  
23 attacks. Moreover, a recent study in the Journal  
24 of the American Medical Association shows that

1 long-term exposure to fine particulates  
2 significantly increases the risk of cancer  
3 equivalent to living with a smoker. Coal-fired  
4 power plants in Illinois, including the Midwest  
5 Generation plants under discussion today, are the  
6 largest source of fine particulate pollution in  
7 Illinois.

8 Midwest Generation's proposed  
9 revisions to their plants' Title IV permits do not  
10 clearly offer even minor improvements for the  
11 emission of smog-forming nitrogen oxides and  
12 absolutely nothing for the emissions of other  
13 dangerous air pollutants, including fine  
14 particulate forming SOx, mercury, and carbon  
15 dioxide. The well-being of the public requires  
16 that Midwest Generation to make steep cuts in the  
17 emission of NOx, SOx, mercury, and carbon dioxide.  
18 Midwest Generation's proposed changes to their  
19 Title IV permits will do little to lessen the  
20 impact on Illinois. Now, indeed, under the changes  
21 in these permits, Midwest Generation plants will  
22 continue to cut short the lives of 200 people every  
23 year and a significant number of those in Chicago.  
24 Thanks very much.

1 HEARING OFFICER SELTZER: Thank you.

2 Jennifer Johnson.

3 MS. JOHNSON: Jennifer Johnson. I'm a  
4 Conservation Organizer with the Sierra Club, and  
5 I'm here to represent the 25,000 members of Sierra  
6 Club here in Illinois, especially the over 10,000  
7 members of Sierra Club that live in the Chicago  
8 area.

9 On March 1, 2002, two days after  
10 Alderman Burke introduced an ordinance to clean up  
11 the two power plants in Chicago, the Sierra Club  
12 released the "Polluted Power in the Midwest" study.  
13 The study shows that more than half of the cancer-  
14 causing pollution from large industries in the  
15 Midwest comes from coal-fired power plants.  
16 Illinois is especially affected with 54 percent of  
17 the state's cancer-causing pollution coming from  
18 coal-fired power plants while Wisconsin coal-fired  
19 power plants are responsible for only 9 percent.

20 According to Dr. Charles Winterwood,  
21 M.D., pediatrician and volunteer with the Sierra  
22 Club, "Next to tobacco, the next major preventable  
23 cause of cancer is air pollution."

24 Recent studies link coal plants to

1 over 30,000 premature deaths and increased cancer  
2 cases, but this is the first study showing the  
3 major role coal power plants have in cancer-causing  
4 pollution. The data is from the 1999 self-reported  
5 Toxics Release Inventory that the industries give  
6 to the EPA, and was analyzed by [www.scorecard.org](http://www.scorecard.org)  
7 and the Sierra Club.

8 Coal-fired power plants in our country  
9 release thousands of pounds of cancer-causing  
10 pollution. Data reported by operators of power  
11 plants show that coal-fired power plants are among  
12 the largest sources of cancer-causing pollution.  
13 Recent studies have begun to explore this link and  
14 join the legion of studies investigating the health  
15 impacts of pollution associated with power plants.  
16 These studies have demonstrated that there may be a  
17 link between power plants and an increased risk of  
18 cancer to neighbors and workers.

19 Sierra Club examined data about  
20 cancer-causing pollution from power plants in the  
21 United States by reviewing information from the  
22 Environmental Protection Agency's Toxic Release  
23 Inventory or TRI of 1999. The TRI collects a large  
24 amount of information about toxic pollution

1 released by industries in the United States. It  
2 was expanded in 1999 to include data from power  
3 plants. A review of this data indicates that power  
4 plants are a major source of pollutants. They are  
5 suspected of causing cancer in the U.S.

6 This report does not claim that power  
7 plants cause cancer but rather it points out that  
8 much, in some states most, of the pollution  
9 released into the air by industrial sources that  
10 are suspected carcinogens come from coal-fired  
11 power plants.

12 In many Midwestern states, power  
13 plants are the dominant industrial source of this  
14 type of pollution. For example, in Illinois 54  
15 percent of all normalized cancer-causing pollution  
16 comes from power plants. The numbers are similar  
17 or more dramatic across the Midwest.

18 In light of this study, it's  
19 imperative to reduce pollution from coal-fired  
20 power plants such as those of Midwest Generation.  
21 According to the "Scorecard" Web site established  
22 and maintained by Environmental Defense, Midwest  
23 Generation plants in 1998 emitted over 63,803 tons  
24 of NOx pollution and over 72,003 tons of SO2



1 pollution. If NOx and SO2 were reduced, many of  
2 the cancer-causing emissions would be reduced as  
3 well. Sierra Club believes that we do not need to  
4 sacrifice our health for electricity.

5 HEARING OFFICER SELTZER: Thank you. Next  
6 is Ashley from Citizen Action.

7 MS. COLLINS: Collins?

8 HEARING OFFICER SELTZER: Collins.

9 MS. COLLINS: Hi. My name is Ashley  
10 Collins, and I'm the Environmental Program  
11 Associate at Citizen Action, Illinois.

12 On behalf of Citizen Action, Illinois,  
13 which is the state's largest public interest group  
14 in Illinois, I want to thank the Illinois  
15 Environmental Protection Agency for the opportunity  
16 to speak here today.

17 As we discuss the consequences of  
18 Midwest Generation's request to revise their  
19 Title IV acid rain permits, I want to bring  
20 attention to the detrimental impacts that Midwest  
21 Generation's coal-fired power plants have on the  
22 public and the environment. Despite the progress  
23 we have made in reducing air pollution, coal-fired  
24 power plants are Illinois' largest source of

1 industrial air pollution. Today the vast majority  
2 of coal- and oil-fired power plants have avoided  
3 the most protective air emission standards because  
4 power companies like Midwest Generation have been  
5 hiding behind a grandfather loophole in the Clean  
6 Air Act. As a result of this loophole, old, dirty  
7 power plants including Midwest Generation's five  
8 plants under this ruling are allowed to pollute two  
9 to five times more than modern plants. In  
10 addition, all coal-fired power plants are exempted  
11 from carbon dioxide and mercury controls.

12 Air pollution from these coal-fired  
13 power plants is a serious threat in Illinois and  
14 action must be taken to bring up these plants to  
15 modern standards. Over the years, numerous studies  
16 have linked air pollution from these plants to a  
17 variety of health damages including increased  
18 asthma attacks to premature death. In Illinois  
19 alone, a study by ABT Associates concluded that air  
20 pollution from coal-fired power plants in Illinois  
21 is responsible for 1,700 premature deaths and  
22 33,000 asthma attacks. These health damages also  
23 resulted in thousands of emergency visits as well  
24 as innumerable days of lost work and school. Yet,

1 the study also concluded that two thirds of these  
2 impacts could be avoided if these plants met modern  
3 pollution control standards.

4 Besides aggravating respiratory  
5 problems, air pollution from these plants are  
6 contaminating our fish with mercury, choking, our  
7 streams with eutrophication, clouding the  
8 visibility of our skies, and worsening the cycle of  
9 global climate change.

10 Grandfathered power plants' lucrative  
11 loophole must go. All coal-fired power plants must  
12 be made to comply with modern emission control  
13 standards. Any change in altering emission credits  
14 should result in a decrease of emissions at each  
15 plant in order to best protect the environment and  
16 public health. Thank you.

17 HEARING OFFICER SELTZER: Next is Darren  
18 Hackert.

19 MR. HACKERT: Pass right now. It's pretty  
20 much been covered by the previous speakers.

21 HEARING OFFICER SELTZER: Is there anybody  
22 else here this evening that wishes to make any  
23 comments or ask any questions?

24 HEARING OFFICER SELTZER: Yes. Please

1 identify yourself for the record.

2 MS. ZINGLE: My name is Susan Zingle. This  
3 is my first exposure to an acid rain permit so I'm  
4 just going to ask a few questions. In particular,  
5 we are concerned about the Waukegan power plant.  
6 Will this arrangement increase the amount of NOx or  
7 SOx or mercury or anything emitted by the Waukegan  
8 plant either from the plant or from last year's  
9 actual? And whoever wants to answer.

10 MR. MILLER: This won't increase emissions  
11 at Waukegan.

12 HEARING OFFICER SELTZER: Let me stop for a  
13 minute, sir. If you are going to respond, could  
14 you stand up and identify yourself, please.

15 MR. MILLER: The acid rain plan won't  
16 increase emissions at Waukegan. It won't increase  
17 emissions at any of our plants.

18 Scott Miller, Midwest Generation.

19 MS. ZINGLE: Well, if I understand the  
20 initial comments right, it's an averaging system.  
21 So it gives you room to increase something  
22 somewhere and decrease something somewhere else.  
23 So I guess I'm trying to get at what are the plans  
24 for emissions, and let's say of NOx, at the

1       Waukegan plant.

2               HEARING OFFICER SELTZER: Let me interrupt  
3       here for a minute. First of all, Ms. Zingle, as  
4       you know, and I assume the applicant knows that  
5       they are not bound to respond to any questions.  
6       This is for the Agency to respond to questions. So  
7       you are more than welcome to respond to questions  
8       if you so desire.

9               Do you want to continue, sir?

10              MR. MILLER: We don't plan to increase  
11       emissions at Waukegan or any of our plants in the  
12       averaging plan. We will only decrease emissions at  
13       all our plants.

14              MS. ZINGLE: Okay. Then I wonder why  
15       averaging would be necessary. And I guess then my  
16       question, that I even have a hard time phrasing,  
17       with all we have been through in Waukegan recently  
18       with the sludge incinerator and proposed Kinder  
19       Morgan plant and Exelon plant coming on line, do we  
20       need to redo the air modeling for the Waukegan  
21       area? If I recall, at the sludge incinerator  
22       hearing, the PSD increments were about at 87  
23       percent. So any change in a plant of this  
24       magnitude is going to have a significant impact to

1 the Waukegan lakefront and perhaps to their plans  
2 to revitalize. And is that being considered as you  
3 issue this permit?

4 MR. ROMAIN: The modeling that was  
5 conducted for Waukegan in those studies is based on  
6 the permitted or allowable emission rates from the  
7 plants. It greatly overstates the actual emissions  
8 that were occurring from the Waukegan power plant.

9 MS. ZINGLE: And this will not change those  
10 limits?

11 MR. ROMAIN: No. And I think I guess I  
12 would ask Midwest Generation to talk about the  
13 improvements that have been made at Waukegan to  
14 reduce NOx emissions.

15 MR. LONG: I'm John Long, vice president of  
16 Midwest Generation. At Waukegan we have installed  
17 on all three of the units equipment to reduce NOx  
18 emissions. Waukegan Unit 8 is currently operating  
19 almost at or what the required emission rate would  
20 be after 2003. Waukegan 7 is currently having that  
21 equipment installed. Emissions from Waukegan  
22 Unit 6 have been reduced by 50 percent.

23 MS. ZINGLE: Thank you. That's all I have.  
24 Thank you.

1 HEARING OFFICER SELTZER: Thank you.

2 Is there anybody else here this  
3 evening that wishes to ask any questions or make  
4 comments?

5 Yes, sir, identify yourself.

6 MR. MC FARLAN: Doug McFarlan with Midwest  
7 Generation. Just in light of some of the questions  
8 that Susan Zingle asked and just to clarify and  
9 kind of underscore some of the things that  
10 Mr. Romaine said in his opening, it was  
11 precautionary that we filed these permits with  
12 these numbers for 2001. Actually all of the units  
13 involved in the averaging plan for 2001 came in  
14 under their allowable limits.

15 So in point of fact when actual  
16 performance retroactively we wouldn't have needed  
17 to average these units to comply, as I think was  
18 stated earlier, too, we had all of our units  
19 involved in our averaging plan in year 2000. And  
20 because of the reductions that we have been making  
21 across the board over three years, we will have  
22 more than a 50 percent reduction. We did pull a  
23 lot of units out from between 2000, 2001 because we  
24 don't need to average any more even as a precaution

1       because their performance on a stand- alone basis  
2       was well under limits.

3                   So we did this, as Mr. Romaine said  
4       earlier, as a precaution for 2001. Everything in  
5       these applications and the supporting data and the  
6       actual performance data that's included in the  
7       material we have submitted reflects I think clearly  
8       a public benefit when it comes to air quality.  
9       Every unit at Midwest Generation is having  
10      improvements made to reduce nitrogen oxides.  
11      Actual performance is reflecting that we are on  
12      target to reduce NOx emissions by well over  
13      50 percent before federal regulations require  
14      reductions in 2004.

15 Sulfur dioxide has been mentioned here  
16 tonight. And while those are not part of the  
17 application or permits that you are looking at  
18 here, just for the record, would state that our  
19 sulfur dioxide emissions were reduced 12 percent  
20 our first year of operation in 2001 and another  
21 24 percent in our second year of operation 2001. I  
22 think I said 2001 twice. It was 12 percent in  
23 2000, 24 percent in 2001.

24                    So I think when you look at the grand



1       scheme of performance here and the legitimate issue  
2       of improving air quality, we would submit that  
3       Midwest Generation ought to be a model rather than  
4       a target for burning coal responsibly and ensuring  
5       a safe, reliable, affordable supply of electricity  
6       while continuing to achieve significant reductions  
7       in emissions.

8                       That said, we are very supportive of  
9       national efforts. This is an important national  
10      policy issue, and there is a lot of important  
11      significant debate going on in Washington as well  
12      as in Springfield in the last few years and at  
13      present about achieving greater reductions over a  
14      reasonable time frame while continuing to maintain  
15      a reliable supply of electricity. Midwest  
16      Generation will support reasonable time frames for  
17      continuing to reduce emissions from our coal-fired  
18      plants and will work with policy makers as a  
19      national policy matter to continue to achieve that.  
20      Thank you.

21                   HEARING OFFICER SELTZER: Thank you.

22                   Are there any other comments or  
23      questions?

24                   I would like to reiterate then that

1 the record of proceedings will stay open through  
2 April 20 of this year. I want to thank you all for  
3 your participation tonight and wish you all a safe  
4 trip home. Thank you.

5 \* \* \*

6

7 (Which were all the proceedings  
8 had in the above-entitled  
9 cause.)

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1       STATE OF ILLINOIS     )  
                                  )   ss.  
2       COUNTY OF DU PAGE    )

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7                   I, JANICE H. HEINEMANN, CSR, RDR, CRR,  
8       do hereby certify that I am a court reporter doing  
9       business in the State of Illinois, that I reported  
10      in shorthand the testimony given at the hearing of  
11      said cause, and that the foregoing is a true and  
12      correct transcript of my shorthand notes so taken  
13      as aforesaid.

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Janice H. Heinemann, CSR, RDR, CRR  
License No. 084-001391

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